



PUBLIC DISCLOSURE COMMISSION

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Public Disclosure Commission Biennial Report July 1997 - June 1999

Mission

The Public Disclosure Commission was created and empowered by an Initiative of the People to provide timely and meaningful public access to information about the financing of political campaigns, lobbyist expenditures, and the financial affairs of public officials and candidates, and to ensure compliance with contribution limits and other campaign finance restrictions.

Agency Goals and Objectives

- (1) **All filers will submit required reports in a complete, timely, and accurate fashion.**
 - Filers will have the option of filing their reports on paper or electronically.
 - All requests for the PDC to conduct candidate and treasurer workshops will be accommodated.
 - Filers will have access to forms, manuals, and other instructional materials over the Internet. Requests for materials by those without access to the Internet will be processed on the same day as the request is received.
 - A member of the staff will always be available during business hours to respond to callers asking filing questions.
 - The Commission will promulgate, in accordance with Executive Order 97-02, any necessary rules, policies, and interpretations to provide guidance under the Law, and will provide timely responses to written requests for advice.
 - The Commission will perform a sufficient number of audits to provide a statistically valid finding regarding the degree of compliance with the law.
 - The Commission will hold enforcement hearings and, where appropriate, penalize filers who have not, after receiving reminder notices, filed the required reports.

- The Commission will seek to recover through the judicial process the payment of penalties from those who fail to pay the assessments levied against them.

(2) The public will have timely and convenient access to filed reports and the ability to access data in ways that are most useful and best suit their individual needs.

- Filed reports will be safely stored and efficiently organized.
- Images or copies of filed reports, frequently requested material, and other items of interest will be available on the Internet, on computers in the PDC's lobby, and by mail, fax and email.
- The time between receipt of a filing and scanning of the report into the imaging system will be reduced.
- The time between receipt of a filing and entry of selected information into the database will be reduced.
- The amount of information entered into the database from filed reports will increase.

(3) Candidates, political committees, and contributors will be in compliance with the contribution limits and other campaign finance restrictions of Initiative 134.

- A member of the staff will always be available during business hours to respond to callers asking questions about compliance with Initiative 134.
- Filers will have access to forms, manuals, and other instructional materials over the Internet. Requests for materials by those without access to the Internet will be processed on the same day as the request is received.
- All requests for presentations and workshops will be accommodated.
- The Commission will process all complaints in an expeditious, consistent and fair manner that is appropriate according to the merits of the complaint and the results of any ensuing investigation.

Fiscal Year 1998

General Information

- Statutory Reference Code
Revised Code of Washington 42.17
Established 1973

- Organization

The five Commissioners are appointed for five-year terms by the Governor with Senate consent. The Commission hires the executive director, sets agency policy and adjudicates enforcement matters.

The Commissioners who served during FY 1998 were:

Jim Whiteside (April 1993-December 1997)
Gary Maehara (September 1994-December 1999)
Ronda Cahill (March 1997-December 2001)
Susan Brady (May 1997-December 2003)
Ron Meyers (February 1998-July 1999)

- Executive Director: Melissa A. Warheit

- Employees/Full Time Equivalents (FTEs)

One FTE=2,088 paid hours of work per year by one or more individuals.

11 Classified
5 Washington Management Service
2.5 Exempt

- Operating Budget—FY 1998

General Fund State \$1,597,057

- Office Address

711 Capitol Way, Room 403
PO Box 40908
Olympia WA 98504-0908

Telephone: (360) 753-1111
Fax: (360) 753-1112
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Major Accomplishments

Information Technology. In FY 1998, PDC entered into a contract with SDR Technologies, Inc. for the acquisition and installation of an electronic filing and access system for campaign finance, lobbyist and financial affairs reporting. The project objectives were to (1) develop campaign finance filer software, Internet

filing software and vendor software; (2) design an agency database system; (3) design an agency Internet web site; and (4) develop a system where document images are automatically converted to Internet images and presented on the Internet web site. Because the total cost of the electronic filing software for lobbyists exceeded available funds, the portion of the proposal was eliminated from the contract. The total cost of the project was \$209,568.

Commission staff upgraded customer service computers to provide users faster retrieval of data from reports developed in FoxPro. In addition to static reports of campaign and lobbying information, customers had the capability to query the database for specific information on a particular candidate or committee.

Filer Assistance and Training. The Commission staff conducted 49 workshops and presentations to organizations across the state during FY 1998 including 22 candidate workshops. Training and education continued to be a critical part of the PDC's effort to promote timely and accurate disclosure. Commission staff conducted outreach to state parties and other large political action committees and candidate campaigns to urge them to file electronically.

The agency's web site, located on the University of Washington server, contained a variety of information including form templates for use by filers to assist them in completing the required reports; instruction manuals; press releases; contribution and expenditure reports for candidates and committees; lobbyist directory; 1994 and 1996 Election Financing Fact Books; publications including the agency's statute and rules; and downloadable databases.

Disclosure. Providing timely and convenient access to filed reports and the ability to access data in ways that are most useful is a key goal. During FY 1998, the PDC received 61,824 reports from candidates, elected and appointed officials, lobbyists, lobbyist employers and political committees. These filings translated into 143,487 pages that were processed and scanned into the document imaging system. Once scanned into the system, reports were available on the Commission's intranet.

The Commission's primary aim since its inception is the prompt response to requests for information from the agency's many clients. During FY 1998, the agency replied to 2,898 requests for copies of reports or other documents.

Compliance. Staff spent 1,228 hours conducting desk and field audits. As a result of this activity, it appeared that most filers were in substantial compliance with the Public Disclosure Law.

Enforcement. The Commission is responsible for advising, educating, auditing, and otherwise communicating and working with filers to secure timely, accurate, and complete reports, or in the small proportion of cases where that fails, to secure compliance through investigation, hearing, and penalty. The following is a summary of compliance workload measures:

Complaints/Enforcement Hearings/Investigations

	FY 1998
Complaints Filed by Public	153
PDC Generated Complaints*	310
Total Complaints	463
Complaints Filed Against Candidates	197
Complaints Filed by Public Against Candidates	42
Complaints Filed with Minor or No Action	29
*PDC generated—primarily non-filing of annual Personal Financial Affairs Statement (F1/F1A); Candidate Registration Statement (C1) or F1/F1A; or lobbyist employer reports (L-3).	
Enforcement hearings held	206
Investigations opened	405
Investigations closed (Includes enforcement hearings)	332

The Commission is authorized to impose civil penalties for violations of the Public Disclosure Law pursuant to RCW 42.17.390 and .395. The following is a summary of major enforcement actions occurring in FY 1998 in which the Public Disclosure Commission was a party. It does not include the 13 superior court cases pursued to collect unpaid penalties imposed by PDC.

July-December 1997 Enforcement Actions

Jesse Wineberry: On April 11, 1994, Jesse Wineberry was found in violation of RCW 42.17.080 and .090 by failing to timely report contributions and expenditures during his 1992 candidacy for re-election to the state legislature. In 1997, this case was presented to the Commission because Mr. Wineberry failed to comply with the terms of a suspension in the 1994 order. That order assessed Mr. Wineberry a penalty of \$750, with \$250 suspended if all reports during the next 12 months were submitted on time. Mr. Wineberry failed to meet that condition. The parties entered into a stipulated agreement. The

Commission accepted the stipulation, and also required Mr. Wineberry to pay the \$500 previously assessed.

Kristeen Hanselman: A complaint was filed against Kristeen Hanselman alleging violations of RCW 42.17.150, 42.17.155, and 42.17.170 by falsely reporting her employer as the Washington Education Association, and by failing to timely report in-kind contributions to the No On 173/177 Committee. The Commission found Kristeen Hanselman violated RCW 42.17.150, 42.17.155, and 42.17.170 by falsely reporting her employer as the Washington Education Association rather than the National Education Association, and RCW 42.17.170 by failing to timely report in-kind contributions to the No On 173 & 177 Committee. The Commission assessed a penalty of \$2,300, with \$750 suspended if \$1,550 is paid within 30 days and there are no further violations for the next two years.

Roger Hershey: A complaint was filed against Roger Hershey alleging violations of RCW 42.17.040, .080, and .090 for exceeding the limits of the abbreviated reporting option and for failing to timely file reports of contributions and expenditures. The Commission found Mr. Hershey in violation and assessed a penalty of \$500 with \$250 suspended if there are no further violations for four years.

Kenneth Reid: A complaint was filed against Kenneth Reid alleging violations of RCW 42.17.040, .080, and .090 by exceeding the limits of the abbreviated reporting option and for failing to timely file reports of contributions and expenditures. Mr. Reid exceeded the abbreviated reporting limits, and requested permission to change to the full reporting option one day after the general election. The parties entered into a stipulated agreement. The Commission accepted the stipulated agreement, and assessed a penalty of \$500 with \$250 suspended if there are no further violations for four years.

Gary Locke: A complaint was filed against the 1996 Gary Locke Campaign alleging violations of RCW 42.17.060(1) for failing to timely deposit monetary contributions, RCW 42.17.060(5) for accepting currency contributions in excess of \$50 without obtaining a receipt, and RCW 42.17.080 and .090 for failing to timely report names and addresses of contributors. The parties entered into a stipulated agreement. The Commission accepted the stipulated agreement, and assessed a penalty of \$2,500.

James Seibert: A complaint was filed against James Seibert of the Washington Education Association alleging violations of RCW 42.17.150, .155, and .170, for failing to register and report lobbying activities on behalf of the National Education Association (NEA). The parties entered into a stipulated agreement. The stipulation provided that Mr. Seibert

violated the Public Disclosure Law by failing to report the NEA as his employer, and that Mr. Seibert pay a fine of \$6,000, \$2,000 of which was suspended pending no further violations for two years. The Commission accepted the stipulation and penalty.

January-June 1998 Enforcement Actions

BIAW/United for Washington: A complaint was filed alleging that BIAW and United for Washington formed independent expenditure committees that failed to properly report their contribution and expenditure information in violation of RCW 42.17.080 and .090. The parties entered into a stipulation. The Commission voted to accept the stipulation, but amended the penalty portion of the agreement. BIAW agreed to pay \$5,250 for the violations committed by the political committees it formed and United for Washington agreed to pay \$875 for violations committed by its political committees.

Gary Locke for Governor Committee: An investigation was conducted into allegations that the Gary Locke for Governor Committee violated RCW 42.17.120 and .640 by reporting that it had received contributions from members of a Buddhist Temple and that the members did have the financial resources to contribute the funds. The allegations charged that the funds were from a single contributor. The investigation determined that the funds were contributed by the individual members as reported by the Committee. The Commission dismissed the complaint.

William, Weiss, an employee of Cowlitz County: Allegations were brought forward that Mr. Weiss violated RCW 42.17.130 by using the facilities of Cowlitz County to assist a local ballot measure. The parties reached a stipulated agreement and Mr. Weiss agreed to pay \$500. The stipulation was accepted by the Commission.

Cheryl Chow, candidate for Mayor of Seattle: Ms. Chow was charged with violating RCW 42.17.530 for falsely claiming the endorsement of individuals who, in fact, had publicly stated they did not endorse any candidate for Mayor of Seattle. The parties reached a stipulated agreement, and Ms. Chow agreed to pay \$1,000. The Commission accepted the stipulation.

Washington State Republican Party: This case was brought forward as a result of an audit conducted by PDC staff. Staff alleged that the WSRP improperly used exempt funds to publish an ad that in staff's opinion expressly advocated the election of the Republican candidate for Governor, a violation of RCW 42.17.640. The WSRP was found in apparent violation and the case was referred to the Office of the Attorney General. The case was eventually heard in King County Superior Court.

The Court determined that the WSRP did not violate RCW 42.17.640 when it used exempt funds to pay for what the WSRP and the Court considered an “issue ad.” The case was appealed to the Washington State Supreme Court. The High Court ruled that RCW 42.17.640 was unconstitutional when applied to issue ads.

Fiscal Year 1999

General Information

The Commissioners who served during FY 1999 were:

Gary Maehara (September 1994-December 1999)
Ronda Cahill (March 1997-December 2001)
Susan Brady (May 1997-December 2003)
Ron Meyers (February 1998-July 1999)

- Executive Director: Melissa A. Warheit

- Employees/Full Time Equivalents (FTEs)
One FTE=2,088 paid hours of work per year by one or more individuals.

11 Classified
5 Washington Management Service
2.5 Exempt

- Operating Budget—FY 1999
General Fund State \$1,555,404

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Telephone: (360) 753-1111
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Web site: www.pdc.wa.gov
Email: pdc@pdc.wa.gov

Major Accomplishments

Information Technology. In January 1999, images of documents were sent to the agency's new web site created by SDR Technologies, Inc. on the agency's web server in Olympia. This new technology allowed users the opportunity to view, download and print copies of actual documents filed by candidates, political committees, lobbyists and lobbyist employers from their personal computers 24 hours a day, seven days a week. In addition to images, the agency's web site contains informational materials such as agendas and minutes of Commission meetings, reporting forms and instructions, press releases, enforcement activity/hearing results, and a variety of reports to the public.

Filer Assistance and Training. In addition to images of actual reports, the agency also placed agency publications, reporting forms and instructions, press releases, interpretations, meeting agendas and minutes and filer software on the web site for users to download. During FY 1999, the Commission staff conducted 21 workshops and presentations to organizations across the state, including 8 candidate workshops and 2 filer software training sessions. Electronic filing software was officially released on June 14, 2000.

Disclosure. Providing timely and convenient access to filed reports and the ability to access data in ways that are most useful is a key goal. During FY 1999, the PDC received 52,160 reports from candidates, elected and appointed officials, lobbyists, lobbyist employers and political committees. These filings translated into 141,842 pages that were processed and scanned into the document imaging system. Once scanned into the system, reports are available both on the Commission's intranet and, as of January, 1999, on its web site.

The Commission's primary aim since its inception is the prompt response to requests for information from the agency's many clients. During FY 1999, the agency replied to 1,382 requests for copies of reports or other documents.

Compliance. Staff spent 625 hours reviewing files and conducting desk and field audits. Based on this review, it appeared that most filers were in substantial compliance with the Public Disclosure Law.

Enforcement. The Commission is responsible for advising, educating, auditing, and otherwise communicating and working with filers to secure timely, accurate, and complete reports, or in the small proportion of cases where that fails, to secure compliance through investigation, hearing, and penalty. The following is a summary of compliance workload measures:

Complaints/Enforcement Hearings/Investigations

	FY 1999
Complaints Filed by Public	71
PDC Generated Complaints*	34
Total Complaints	105
Complaints Filed Against Candidates	20
Complaints Filed by Public against Candidates	20
Complaints Filed with Minor or No Action	23
*PDC generated—primarily non-filing of annual Personal Financial Affairs Statement (F1/F1A); Candidate Registration Statement (C1) or F1/F1A; or lobbyist employer reports (L-3).	
Enforcement hearings held	35
Investigations opened	81
Investigations closed (Includes enforcement hearings)	72

Enforcement cases brought before the members of the Commission were:

The 39th District Democrats: The parties stipulated to the fact that the 39th District Democrats allegedly violated RCW 42.17.080 and .090 when it failed to file reports of contributions and expenditures for 1994, 1995, 1996 and the first six months of 1997. The 39th District Democrats agreed to pay \$3,000, and \$2,500 was suspended for four years if no further violations occur.

Jonathan Platt: Mr. Platt allegedly violated RCW 42.17.150 and .170 when he engaged in lobbying without registering and reporting as such. The parties agreed to a stipulation of facts and violations, but asked the Commission to assess an appropriate penalty. The Commission accepted the stipulation and assessed a penalty of \$800 against Mr. Platt.

Friends for a Better Washington: Staff investigated a complaint alleging that RCW 42.17.640 had been violated when this group published a brochure that it reported as an independent expenditure, but in fact the expenditure constituted an excessive contribution to the candidate featured. No evidence was found that the brochure was produced in coordination, collaboration or consultation with the featured candidate or the candidate's committee. The Commission dismissed the complaint.

The Washington State Republican Party: A former employee of the party brought forth allegations that the party violated RCW 42.17.080 and .090

when it failed to properly report expenditures to PDC and exceeded contribution limits when it gave funds to a political committee. She alleged that the WSRP did so intentionally. Staff contacted the complainant and asked for additional information. The information was not provided. The Commission dismissed the complaint.

Dr. Carol Coram, Principal, Hawthorn Elementary School, Seattle School District: Staff learned that Dr. Coram had used the facilities of the school to assist in the district's bond measure. Staff contacted the district and asked that Dr. Coram be put on notice that her actions were improper. After she was notified by the district of the impropriety of her actions, Dr. Coram again used the facilities of the district to assist the measure, apparently in violation of RCW 42.17.130. The parties reached a stipulated agreement, and Dr. Coram agreed to pay \$1,000. The Commission accepted the stipulation.

University of Washington: A complaint was filed alleging the University used public funds to lobby legislators when it invited legislators to sit in the President's box to watch Husky football games. The University asked for a Declaratory Order on the issue, and the Commission ruled that the use of public funds by the University to entertain legislators did not violate RCW 42.17.190 because the regents of the University have statutory authority to use gift monies received by the University in ways that they could not use legislative appropriated funds. The Commission also ruled that the invitations to the football games did not necessarily constitute lobbying. An additional portion of the complaint resulted in a stipulated agreement between the parties that the University failed to timely report its lobbying activities, and in one instance, it improperly used public funds to entertain legislators. The University agreed to pay a \$5,000 penalty.

Americans for Hope Growth and Opportunity: This group was alleged to have violated RCW 42.17.100 when it failed to report independent expenditures it made in opposition to a ballot issue. The parties stipulated to the facts and violations and asked the Commission to assess an appropriate penalty. The Commission accepted the stipulation and assessed a \$2,500 penalty against Americans for Hope Growth and Opportunity.

The Evergreen Freedom Foundation: A complaint received alleged a violation of RCW 42.17.150 and .170 when EFF failed to register and report as a lobbyist and lobbyist employer, that Bob Williams and Lynn Harsh, employees of EFF, failed to register as lobbyists in violation of RCW 42.17.150 and .170, that EFF violated RCW 42.17.040, .080 and .090 when EFF failed to register and report as a political committee. The investigation revealed that neither EFF, Mr. Williams nor Ms. Harsh were required to report as lobbyists, and as such, EFF was not required to report as a lobbyist employer. There was no evidence found that EFF was a political committee. The Commission dismissed the complaint.

King County Republican Central Committee: Staff alleged a violation of RCW 42.17.080 and .090 when the KCRCC failed to timely report its contributions and expenditures as required of political committees. The parties stipulated to the violations and agreed on a \$5,000 penalty, with \$2,500 suspended on the basis that the party commit no further violations for the next two years. The Commission accepted the stipulation.

A Territory Resource, David Foecke and Pat Close: Staff investigated an alleged violation of RCW 42.17.120 when a Territory Resource made a contribution of \$50,000 to a committee opposing a state-wide ballot issue. A Territory Resource refused to identify the source of the funds, but eventually agreed to do so. Those funds were originally contributed by Foecke and Close. All parties reached a stipulated agreement, and the respondents agreed to pay a \$15,000 penalty. The Commission accepted the stipulation.

James Sweetser: A complaint was received alleging a violation of RCW 42.17.750 when Mr. Sweetser, Spokane County Prosecuting Attorney, solicited campaign contributions from employees in his office. The parties reached a stipulated agreement and agreed that Mr. Sweetser should pay a penalty of \$250. The Commission accepted the stipulation.

Alphonso Hampton: Mr. Hampton was charged with intentionally failing to file reports of contributions and expenditures, and failure to keep adequate campaign records, required because of his candidacy for the Tacoma City Council. The Commission found Mr. Hampton in violation of RCW 42.17.080 and .090 and assessed a penalty of \$1,500.

Mahlon Skip Priest: Staff charged Mr. Priest with violating RCW 42.17.125 for using campaign funds to assist another candidate. The Commission found Mr. Priest in violation and assessed a penalty of \$250.

33rd Legislative District Democrats: Staff alleged that the 33rd District Democrats failed to timely file its reports of contributions and expenditures for 1997 and 1998. The Commission found the 33rd District Democrats in violation of RCW 42.17.080 and .090 and assessed a penalty of \$2,500, with \$1,400 suspended if the committee paid the penalty within 60 days, filed all outstanding reports and commits no further violations for the next two years.

Washington Chiropractic Trust: The parties agreed on a stipulation that the WA Chiropractic Trust violated RCW 42.17.080 and .090 when it failed to timely file its reports of contributions and expenditures. The Commission assessed a penalty of \$2,200.

December, 2000